

Telecommunications and Universal Service: International Experience in the Context of South African Policy Reform; Seán Ó Siochrú; International Development Research Centre (IDRC), Ottawa, 1996, 94pp., ISBN 0-88936-809-0, online at <http://www.idrc.ca/books/focus/809/809.html>

South Africa is one of the most unequal societies in the world, and telecommunications clearly shows the wounds left by apartheid. The most recent reliable statistics from Statistics South Africa for 1997 show that while 32% of all households have a telephone, the figure is 14% in ‘African or black’ households and 85% in white households. The first post-apartheid government that came to power in 1994 was determined to transform the telecommunications sector to support greater access.

Seán Ó Siochrú was commissioned to write ‘Telecommunications and Universal Service: International Experience in the context of South African Policy Reform’ during the policy process that led to the Telecommunications Act of 1996. The International Development Research Centre (IDRC), a Canadian donor agency that was very much involved in the process, approached Ó Siochrú due to his long experience in community communications with the Irish NGO Nexus. The Act set up an experimental body, the Universal Service Agency (USA – reappropriating the acronym), whose task was to facilitate achieving universal service in South Africa.

The book gives a good introduction to universal service issues and in particular is directed to assisting the strategy of the about-to-be-formed Agency. The book defines universal service as “a telephone at the premises or house” and universal access as “a telephone within a reasonable distance”.

Chapter two looks at the provision of universal service with either state monopoly or private competition, concluding that either environment can support universal service. Other factors, such as national commitment to the goal and international pressures, are more significant. Instruments for providing universal service are discussed in Chapter 3, including sources for investment from inside and outside the sector. License conditions on operators and tariff regulation are also covered.

The most interesting section of the book reviews the experience of other countries in providing universal access. The tremendous growth of telephony in South Korea since 1984, carried out both through the monopoly in the 1980s and three waves of privatisation in the 1990s, is highlighted. The ‘least subsidy auction’ from Peru and the license twinning arrangements from the Philippines are also interesting. Further examples come from India, Brazil and Poland.

Usefully, the book repeatedly refers to the wider issues of the Information Society, and not just basic telephony. Policy in universal service must recognise the convergence of computing and telecommunications, making special provision for skills development. An appeal is made for considering the role of telecommunications in development, and not treating universal service as a narrow economic issue.

The book had a great effect at the start of the Universal Service Agency, with all new managers being given a copy. Since its publication, more extensive work has been carried out on universal access issues, in particular the World Telecommunications Development Report of 1998 of the International Telecommunication Union.

Progress in universal access and service has been mixed in the past few years in South Africa. When SBC and Telecom Malaysia bought 30% of Telkom in 1997, license conditions were set for a fast expansion of the fixed line network in exchange for granting a five-year exclusivity period to Telkom. Some 2.7 million new lines were to be rolled out, of which 1.8 million were in ‘disadvantaged areas’. While Telkom is meeting their annual targets, many of these new lines are proving to be uneconomic, with churn rates of over 50% in many rural areas.

Lack of clarity on certain issues of universal access between the regulator, the government department and the USA has meant that enforcement and amendment of license conditions and universal service contributions from operators have been slow. These issues of governance of the process are not covered in Ó Siochrú's book.

The USA has chosen to focus its efforts on the establishment of telecentres. At the end of 1999, 48 have been established, primarily in rural areas and a few in townships. These telecentres provide a building with around four phones, four computers, printer, fax, copier, television, and video recorder. Different ownership models are being tried, with most of the telecentres being owned by a community organisation such as a development forum, civic or women's group; some are attached to a public organisation such as a school or library; and a few are privately owned.

While some of these telecentres are doing well providing useful services in their communities and making an operating profit; others have grave technical, financial or organisational problems. So far, none of these telecentres has proven to be profitable enough to cover depreciation of equipment, let alone being able to pay back the original investment. This questions the ability of these telecentres to operate without external support, public or private, which, in turn, means this may be a weak model for widescale rollout. It is estimated that around 5000 telecentres would be needed to bring modern information and communication technologies (ICTs) within the reach of all communities in South Africa.

A larger impact has been made by the 1500 phoneshops established by the cellphone company Vodacom as part of their license conditions. These are all privately owned by local small entrepreneurs. These have proven to be successful and profitable in townships, though less so in more rural areas. Many other projects have started providing community access to ICTs, such as SchoolNet SA and projects supported by the private sector such as Nortel and Microsoft.

Ó Siochrú's book was very helpful in charting the territory to be covered in addressing telecommunication inequality. The process towards achieving universal access in South Africa, however, has been more complicated and contradictory than could have been foreseen. South Africa has the resources to provide access to ICT to all. However, it is still uncertain if there is the will and coordination necessary to ensure that these technologies can reduce and not exacerbate inequalities in this beautiful and scarred country.

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